

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

CHEVRON PUERTO RICO LLC,

Plaintiff,

v.

REYNALDO OYOLA CUADRADO,
et al.,

Defendants.

Civil No. 07-1742 (JAF)

OPINION AND ORDER

Plaintiff, Chevron Puerto Rico LLC ("Chevron"), brings this action for declaratory judgment under the Petroleum Marketing Practices Act ("PMPA"), 15 U.S.C. § 2801 (2006), and for breach of contract under Puerto Rico law, against Defendants, Reynaldo Oyola Cuadrado, his wife Nancy Ivette Santana Rodríguez and their conjugal partnership, and several unnamed defendants. Docket Document No. 10. Defendants move to dismiss pursuant to Federal Rule of Civil Procedure 12(b)(1). Docket Document No. 7. Plaintiff opposes. Docket Document No. 11.

I.

Factual and Procedural Synopsis

We derive the following factual summary from Plaintiff's complaint. Docket Document No. 10. As we must, we assume that all of Plaintiff's allegations are true and make all reasonable

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1 inferences in its favor. Alternative Energy, Inc. v. St. Paul Fire
2 & Marine Ins. Co., 267 F.3d 30, 36 (1st Cir. 2001).

3 Chevron is a corporation that sells gasoline through service
4 stations operated by independent retailers. Defendant Oyola operated
5 one of these stations in Toa Baja, Puerto Rico.

6 On October 31, 1997, Oyola executed a lease and supply agreement
7 with Chevron's predecessor in interest, Texaco. The agreement
8 included a provision that Oyola would make timely payments.

9 In October and November of 2005, Oyola gave Plaintiff checks
10 that the bank subsequently returned for insufficient funds. Oyola
11 also failed to make rent and gasoline payments. On January 31, 2006,
12 Texaco's District Manager, Tom Stepp, wrote Oyola a letter demanding
13 payment of \$93,326 for returned checks, differences in overpayment,
14 rent, and gasoline. Docket Document No. 10, Ex. 3. Stepp threatened
15 to cancel the lease and supply agreement if Oyola did not pay within
16 fifteen days. Id.

17 On May 3, 2006, Plaintiff's attorney sent Oyola a letter
18 notifying him of Plaintiff's decision to rescind the lease and supply
19 agreement as of August 1, 2006.

20 On April 9, 2007, Plaintiff's counsel sent Oyola a letter
21 confirming the August 1, 2006, termination of the agreement, despite
22 the ongoing business between Plaintiff and Oyola. Docket Document
23 No. 10, Exh. 6. Oyola acknowledged receipt of the letter on May 8,
24 2007.

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1 Plaintiff filed a complaint on August 20, 2007, seeking \$113,040
2 and Defendants' eviction from the service station. Docket Document
3 No. 1. Defendants moved to dismiss on October 15, 2007. Docket
4 Document No. 7. Plaintiff filed an amended complaint on October 30,
5 2007. Docket Document No. 10. Plaintiff opposed the motion to
6 dismiss on November 5, 2007. Docket Document No. 11.

7 II.

8 Motion to Dismiss Standard under Rule 12(b) (1)

9 Under Rule 12(b) (1), a defendant may move to dismiss an action
10 for lack of federal subject matter jurisdiction. See FED. R. CIV.
11 P. 12(b) (1). The party asserting jurisdiction has the burden of
12 demonstrating its existence. See Skwira v. United States, 344 F.3d
13 64, 71 (1st Cir. 2003) (citing Murphy v. United States, 45 F.3d 520,
14 522 (1st Cir. 1995)). The court has "an obligation to inquire sua
15 sponte into its own subject matter jurisdiction." McCulloch v.
16 Velez, 364 F.3d 1, 5 (1st Cir. 2004).

17 Rule 12(b) (1) is a "large umbrella, overspreading a variety of
18 different types of challenges to subject-matter jurisdiction,"
19 including ripeness, mootness, the existence of a federal question,
20 diversity, and sovereign immunity. Valentin v. Hosp. Bella Vista,
21 254 F.3d 358, 362-63 (1st Cir. 2001).

22 III.

23 Analysis

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1 Defendants move to dismiss the complaint on the grounds that
2 (1) the court lacks jurisdiction because the PMPA does not invest
3 franchisors with the right to bring a civil action for enforcement of
4 its terms; and (2) even if Plaintiff could bring a case under the
5 PMPA, the action would be time-barred. Docket Document No. 7.
6 Because we agree with Defendants' second argument, we do not address
7 the question of jurisdiction.

8 The PMPA states that a franchisee may not bring a civil action
9 under its provisions unless it commences the action within one year
10 of the date of termination of the franchise. 15 U.S.C. § 2805(a)(1).

11 In the present case, in a letter dated May 3, 2006, Plaintiff
12 terminated the franchise agreement as of August 1, 2006. Docket
13 Document No. 7, Ex. 5. In a letter dated April 9, 2007, Plaintiff
14 confirmed that it had terminated the agreement on August 1, 2006, and
15 stated that although it had conducted business with Defendants after
16 that date, it did not consider that business to represent an
17 annulment of the termination. Docket Document No. 7, Ex. 6.

18 Plaintiff filed its original complaint in this suit on
19 August 20, 2007, one year and twenty days after it terminated the
20 franchise agreement. Docket Document No. 1. The action, thus, fell
21 outside the statute of limitations for PMPA actions. See 15 U.S.C.
22 § 2805(a)(1). Absent a federal question at issue in this case, we
23 decline to exercise supplemental jurisdiction over Plaintiff's breach

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1 of contract claim. Plaintiff is free, however, to bring this claim
2 in Puerto Rico court if the local statute of limitations allows it.

3 **IV.**

4 **Conclusion**

5 For the aforementioned reasons, we hereby **GRANT** Defendants'
6 motion to dismiss pursuant to Federal Rule of Civil Procedure
7 12(b)(1), Docket Document No. 7. We **DISMISS** Plaintiff's PMPA claims
8 **WITH PREJUDICE** and **DISMISS** its Puerto Rico claim **WITHOUT PREJUDICE**.

9 **IT IS SO ORDERED.**

10 San Juan, Puerto Rico, this 16th day of January, 2008.

11 s/José Antonio Fusté
12 JOSE ANTONIO FUSTE
13 Chief U. S. District Judge